



Daily Report

East Europe

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NOTICE TO READERS: This volume contains a representative selection of material previously disseminated in softcopy format.

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Meksi Describes Moscow Visit as 'Successful'

AU1304200495 Tirana TVSH Television Network in Albanian 1800 GMT 13 Apr 95

[Report by Tefta Radi, including interview with Albanian Prime Minister Aleksander Meksi at Rinas Airport in Tirana; date not given—recorded]

[FBIS Translated Text] *Prime Minister Aleksander Meksi returned today from an official visit to Moscow.*

[Radi] Would you consider this visit successful?

[Meksi] Yes, I would because we managed to reestablish a direct dialogue with the Russian leaders after a 35-year suspension.

We pointed out Albania's achievements, policy, and views on the most important issues in Europe and in the region.

Concerning economic relations, we decided that a bilateral commission should be organized to work on concrete tasks. We examined the possibilities of economic exchanges and investments in various fields such as gas, copper, tourism, construction, etc.

Our political talks focused on our stance toward the crisis in former Yugoslavia, Kosova, relations with Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], and Albanian policy in general. We were very clear on our views and understood each other. The Russian side also briefed us on their stance regarding these issues.

I think the visit was successful in achieving its goal. These visits should continue at all levels in order to maintain contact with all the countries in whose policy we are interested, such as Russia, which is a member of the Security Council.

[Radi] Mr. Meksi was received at Rinas Airport by government members and representatives of the Russian Embassy in Tirana.

Serreqi Leaves for BSEC Meeting in Athens

AU1304162195 Tirana Radio Tirana Network in Albanian 1330 GMT 13 Apr 95

[FBIS Translated Text] Foreign Minister Alfred Serreqi left for Athens today to attend a meeting of the foreign ministers of the Black Sea Economic Corporation [BSEC] member states to be held tomorrow. The meeting will discuss the activity of the BSEC working groups regarding special fields and will endorse a report on them and other organizational issues from the meeting of the high officials of foreign ministers that concluded in Athens today. [sentence as heard] The

meeting is expected to give an impetus to further actualizing cooperation in the framework of this initiative.

Official sources at the Albanian Foreign Ministry inform that Minister Serreqi will conduct bilateral meetings with his counterparts from BSEC member states.

Trade Unions Asking 35-Percent Salary Increases

AU1304142395 Tirana ZERI I POPULLIT in Albanian 5 Apr 95 p 1

[Unattributed report: "BSPSH Warns of Escalation of Trade Union Actions"]

[FBIS Translated Text] Yet another meeting was held yesterday at the headquarters of the Ministry of Labor between government representatives headed by Deputy Prime Minister Dashamir Shehi and the BSPSH [Union of Independent Albanian Trade Unions] headed by Mr. Valer Xheka. The latter reemphasized the BSPSH's known stance, demanding a 35-percent salary increase in the public sector. The deputy prime minister on his part reiterated the government's former proposal of only 10 percent, envisaged even in the state budget approved yesterday by the parliament.

According to Mr. Shehi, the 35-percent salary increase requested by the BSPSH was impossible. Mr. Xheka repeated once again the necessity of meeting the demands that trade unions of education, health service, telecom, and higher education have addressed to the government. He argued that, according to the BSPSH, the government could satisfy not only the demands put forward by the above-mentioned trade unions, but also some other demands such as the one for higher pensions and the request for urgently drafting the Labor Code.

Besides Shehi, representing the government at the meeting were Minister of Education Teliti, Health Minister Cikuli, and Minister of Labor Dakli, who reaffirmed on their part that the government could not increase salaries more than 10 percent, and only in the future might the possibility of new salary increases in these sectors perhaps be reconsidered.

The trade union representatives, as in the earlier meeting a few days ago, argued that if inflation was deducted from the 10-percent increase foreseen by the government, then the real salary increase was only 2-3 percent. The leaders of the independent trade unions reaffirmed that the meetings of their activists will decide upon the further course of negotiations and the program of their reaction in the very near future. The government side insisted that dialogue should continue in order to resolve the problems. In the previous meetings, the trade union representatives had warned of actions. In the meantime, it is reported that the education trade unions in some districts have already demanded that strikes be called.

'CIA Revelations' Present Country as 'Villain'*AU1304115195 Sofia DUMA in Bulgarian 11 Apr 95 p 7*

[Commentary by Goran Gotev: "Again Dirty Tricks Against Us"]

[FBIS Translated Text] For two consecutive days, so that we would not have time catch our breath, the world mass media again presented Bulgaria as the villain in two separate affairs. "Reformed," "democratic," "in transition"—but nevertheless, Bulgaria. The common denominator of the two affairs: both appear to be the result of CIA "revelations." This naturally prompts us to remember other CIA "revelations" in which, again, Bulgaria or Bulgarians were depicted blacker than the devil himself.

So: the CIA intercepted the Iranian vessel "Ershad." On 20 February, the vessel reportedly unloaded 1,200 metric tons of parts for two oil-drilling rigs, intended for Serbia. The parts have been registered as the property of the Canadian company "Triton International," owned by the Serbian emigrant Vladimir Katic. The drilling rigs reportedly cost \$4.9 million. They were loaded on 100 trucks and sent first to Bulgaria and Russia, from where they were supposed to continue on to Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] and Serbia.

The second affair involved the Air Sofia company's Antonov aircraft. The aircraft, loaded with 100 metric tons of Bulgarian weapons (it would be interesting to know since when we have had such airplanes), intended for Ecuador, made an emergency landing in Sal in Cape Verde. It was established during the inspection that the aircraft was transporting weapons. The news agencies did not report that the CIA made this discovery, but it is not very difficult to identify its handwriting.

What is the common denominator in both affairs? The common denominator is that those revelations, aimed at provoking an international scandal, were announced—and this is not by chance—after several new Bulgarian initiatives, on the part of the Bulgarian president and the foreign minister, aimed at reaching an all-Balkan agreement on compensating for the damage inflicted by the anti-Serbian embargo. The logic is very simple. What compensation could you claim if you are a violator of the international sanctions against Serbia and Montenegro? Besides, you are making money anyway, from weapons trafficking in a region where there is a military conflict (Ecuador-Peru?).

It would be redundant to point out the absurd character of this logic, because the NEW YORK TIMES, which published the story about the drilling rigs (which proved to be Serbian and only borrowed by Iran from the Canadian company during the embargo), is manipulating world public opinion in a proven manner. No trucks with rigs intended for Serbia have entered Bulgaria at the Kulata border checkpoint; only a shipment for Macedonia. If Bulgaria claims the right to check and analyze every shipment to Macedonia it would appear that after the Greek embargo, a new, Bulgarian, embargo

against our new neighbor to the west would be established. Tomorrow Skopje could purchase equipment for entire plants somewhere else. What right do we have to inspect cargo intended for Macedonia and assess whether it should be allowed to cross the Macedonian border or, instead, detain it on our territory just so that someone can pat us on the shoulder and say "bravo!"

As far as Bulgarian weapons to Ecuador are considered, now is the right time to recall that after the destruction of our military industry, suggested by well-known foreign forces to one of our governments, there was a whole series of attempts to foil Bulgarian weapons markets deals.

No other than the American film industry produced a great many films that unmasked the Pentagon's participation in arming anti-people regimes (especially in Latin America.) However, not a single U.S. arms delivery has been denounced by the mass media. While incredible in their scope, media campaigns are being conducted against weapons deals abroad by countries such as Bulgaria, the Czech Republic, and Poland. It is not very difficult to understand who is behind those campaigns.

Naturally, it is not very healthy to maintain a state of schizophrenic suspicion, but it would be worthwhile to ask a few questions at least about the coincidence in the timing of two conclusions. The first is the conclusion of Mr. Brzezinski, adviser to all U.S. presidents in the last 30 years, who apparently without reading the government's White Paper stated that its language was Bolshevik. The second conclusion is that of the CIA, which continues to view Bulgaria as a proven violator of international sanctions. Those conclusions will result in strengthening the refusal to compensate us for losses inflicted by the embargo, and allowing us to enter Europe only on the last train.

Country's 'Nonnuclear Character' Emphasized*AU1304145395 Sofia Khorizont Radio Network in Bulgarian 1300 GMT 13 Apr 95*

[FBIS Translated Text] Khristo Smolenov, parliamentary secretary at the Ministry of Defense, today gave a news conference at which he announced that Bulgaria adheres to its nonnuclear character.

Mr. Smolenov confirmed that Bulgaria does not have its own nuclear weapons and that storing and transporting foreign nuclear weapons is related to the danger of terrorist actions on the part of other states.

Mr. Smolenov, who was introduced today to journalists as the ministry's parliamentary secretary, pointed out that our country's interests include integration between Russia and NATO. According to Mr. Smolenov, the European security formula must encompass the countries from the Atlantic to the Urals, but together with the United States. He confirmed that he will work for the establishment of a parliamentary lobby in all political forces on issues of national security.

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Kovac Signs Three Previously Returned Laws

AU1404123595 Bratislava PRAVDA in Slovak 13 Apr 95 p 1

[TASR report: "The President Has Signed the NR SR Laws"]

[FBIS Translated Text] Bratislava—On 11 April, President of the Republic Michal Kovac signed the National Council of the Slovak Republic [NR SR] law on the stay of foreigners on the territory of the Slovak Republic, the NR SR law that alters and integrates law No. 347/1990 on the organization of the ministries and other state administration central organs into the version of the later stipulations, and the NR SR law that alters and supplements law No. 46/1993 on the Slovak Information Service. The laws, which the president signed after their second reading in parliament as he is bound by its decision, were delivered from the NR SR on 11 April at approximately 1400. The president's spokesman, Vladimir Stefko, issued this information to TASR yesterday.

Cabinet Approves Draft Economic Policy Memorandum

AU1304165195 Bratislava SME in Slovak 12 Apr 95 p 2

[Report by "jam": "Government Approved Draft of Memorandum on Economic Policy, Designed To Strengthen IMF Confidence In Its Reform Program"]

[FBIS Translated Excerpt] Bratislava—Yesterday, the government discussed and approved the draft of the "Slovak Government Memorandum on Economic Policy" that had been submitted to it by Deputy Prime Minister and Finance Minister Sergej Kozlik in connection with talks with the IMF on the provision of a stand-by loan. The goal of the approved memorandum is to strengthen the IMF's confidence in the government's reform program and thereby establish conditions for sustainable medium-term growth.

Ministry spokesmen briefed the press on the bill on support for small and medium-sized businesses, which the cabinet also approved yesterday. According to Economy Ministry Spokesman Josef Sucha, in addition to the 200 million korunas [Sk] in support of small and medium-sized businesses approved in March, the government wants to set aside another Sk600 million for this purpose. The government earmarked approximately Sk200 million to finance export credits and regional policy, Sk50 million to support tourism through Slovenska Zarucna Banka [Slovak Guarantee Bank], Sk50 million to finance the program of energy conservation, and Sk200 to fund the bank's Guarantee and Support Fund.

The government also took note of a report on the fulfillment of the state budget as of the end of February. According to the report, the state budget showed a deficit of almost Sk4.2 billion, including the clearing account

with the Czech Republic. [passage omitted] However, according to information provided by the National Bank of Slovakia, the state budget was Sk100 million in surplus by the end of March, the clearing account included.

The government approved the formation of the Institute for the Approximation of Law [Institut pro Aproximaciu Prava], whose task will be to secure the compatibility of Slovak legislative norms with European ones. [passage omitted]

Commentary: Meciar Using Privatization for Power

AU1304165295 Bratislava NARODNA OBRODA in Slovak 12 Apr 95 p 2

[Commentary by CTK Bratislava correspondent Radka Kuzicova: "Meciar on the Road to Economic Supremacy"]

[FBIS Translated Text] Prime Minister Meciar government's privatization plans are aimed at strengthening the positions of Movement for a Democratic Slovakia (HZDS) supporters in the economy, which, in case of these plans' successful materialization, can fundamentally influence Meciar's position on the domestic political scene.

"Do not criticize Meciar for not privatizing because, once he starts, you will not stop wondering," people in Bratislava say.

Even pre-election commentaries in SLOVENSKA REPUBLIKA, which is co-owned by the HZDS, made it quite clear that the elections would answer the question whether privatizing would be done by "honest entrepreneurs-Meciarites" or their adversaries.

The marginalization of coupon privatization, preference being given to the privatization of majority shares through direct sales, and the purge among investment funds are all clear evidence of this, to say nothing of the law, now under preparation, that will freeze the privatization of entire industries for a long time.

Privatization under HZDS auspices is becoming an effective means of acquiring the direct support of Slovakia's important industrial and financial lobby. It is no coincidence that the coalition government rallied around the HZDS prefers direct sales and public competitions to coupon privatization, which "does not produce a specific owner." Company managements evidently sympathize with this approach. Incidentally, HZDS economic ministers make no secret of their intention to "establish an even stronger domestic industrial lobby."

It needs to be added that the public is confused. The one million HZDS voters apparently lent credence to the promises that they would get what is their due in privatization through so-called employee stockholding companies. Alas, it is company managements that have

the main say in them. So far, the 3.5 million owners of coupon books show no displeasure with the fact that, instead of the promised 30,000 korunas worth of property per coupon book, they will get one-third of this sum at most. What is more, we are talking about the book value of this property, so that the awakening will be even harder. For the time being, Slovakia is more preoccupied with the latest secret service affair than with the downsizing of coupon privatization.

None of Meciar's economic experts cares too much for what domestic buyers will buy state property that is to be privatized through direct sales. At the same time, foreign capital is being rejected in advance. The indebted National Property Fund (FNM) will not profit from 10-year installment plans in case of privatization by

standard methods either. In case of the application of such methods, a new owner will not behave as a real owner for many years because he will pay much less than the property he acquires is worth.

The Ministry of Privatization itself appears to have been sidetracked. Virtually all its powers have been taken away from it and the minister confines himself to the announcement of steadily declining offers of property for coupon privatization. The FNM, too, has found itself in the position of executor of someone else's orders, for which, however, it bears legal responsibility. Under the cloak of workers' control over the transparency of privatization, the FNM has become an instrument that is easy to manipulate.

Official Position on New York SALT Talks

AU1304185995 Budapest MAGYAR NEMZET in Hungarian 13 Apr 95 p 11

[Report by unidentified correspondent on interview with Andre Erdos, foreign ministry deputy secretary of state; place and date not given: "There Is A Chance for Success"]

[FBIS Translated Text] An international conference on extending the SALT Treaty will be held in New York this weekend. Andre Erdos, deputy secretary of state at the foreign ministry, gave us an interview on Hungary's position regarding the future of this treaty and on Hungarian diplomatic efforts at the conference.

"Hungarian diplomacy favors extending the Strategic Arms Limitation Treaty for an unlimited time and without conditions," Erdos told us, and stressed that the states that have signed the treaty have different views. In the days leading up to the conference, intensive political activity will probably take place to enable the conference to take a stand on this matter successfully. The participants face two tasks: a review of the "SALT activity" of the past five years and the extension of the treaty. The conference will conclude its work with a decision connected with extension.

Some developing countries are striving to have the treaty extended for a limited period. In this connection, Erdos told us that such a decision would lead to uncertainty in international life and would contain some dangers. If the current system stops in the future, or this possibility prevails in some way, it might lead to an acceleration of the nuclear arms programs in the so-called "threshold countries." The international safety system that supervises illegal nuclear activity would be eased and preparations would start for a future situation. Such a decision would have an unfavorable effect on international life because it would lead to new uncertainties in the extremely sensitive area of nuclear weapons. Also, under such circumstances, the important stipulation of the SALT Treaty that participating states must continue arms limitation talks and reach nuclear disarmament would be asserted with much more difficulty, if at all. In such a case, the nuclear powers would not feel obliged to negotiate on nuclear disarmament, and such a possibility would definitely have a harmful effect on the interests of countries that want to use nuclear technology for peaceful purposes and, for this, want to receive such installations and professional know-how. Obviously, in such a situation of uncertain prospects, the nuclear powers would be less ready to share nuclear technology.

"We would like to see this treaty become a genuinely universal one, and considerable steps have recently been made in this direction. At the moment, 175 countries belong to the family of countries that have signed the treaty and some important countries have recently joined the treaty. I mean here primarily countries that have emerged since the collapse of the Soviet Union,

such as Ukraine, Kazakhstan, and Belarus, which joined the treaty as nonnuclear states. In other words, they renounced the idea of demanding any special status for themselves in international life through nuclear technology. At the same time, other important countries such as Israel, India, and Pakistan are not among the signatories; they have not signed the treaty primarily because of security policy reasons," Erdos told us.

In conclusion, speaking about the expected results of the conference, Erdos mentioned three possible decisions: extension of the treaty for an unlimited period, extension for a limited period, and extension for limited periods. The last version means that the participants would decide that, at regular intervals, they would regard the treaty as extended. At the same time, it seems the countries that firmly oppose an unlimited extension are in the minority. According to the text of the treaty, decisions are made by a majority of participating countries. There is hardly any chance for a consensus on this matter, so a vote will definitely be needed. A decision to extend the validity of the treaty for an unlimited period requires the support of 50 percent plus one of the participating 175 countries. According to Erdos, there is a chance that the treaty will be extended for an unlimited period by a majority vote.

Defense Committee Views Reorganization of Forces

AU1304190395 Budapest NEPSZABADSAG in Hungarian 13 Apr p 4

[Report by unidentified correspondent: "Our Eastern Border Has Been Strengthened"]

[FBIS Translated Text] Because of the government's austerity measures, the Hungarian Army is being forced to fire more than 2,200 permanent and 400 temporary employees, and also to eliminate 300 unfilled jobs. All this transpired from the meeting of the parliament's Defense Committee held on 12 April. According to information received from Istvan Fodor, political state secretary at the Ministry of Defense, these measures affect a total of 185 soldier families.

From a budgetary point of view, this does not represent an expenditure saving for the defense ministry this year, because the sum to be paid as severance pay equals the savings derived from the elimination of the empty jobs. It also transpired from the meeting that who will provide the severance payments is not yet known. Fodor hoped the budget would cover the expenses, but the finance ministry representative present at the meeting did not confirm this. A lively legal debate emerged at the meeting regarding the stipulation of the defense law. According to opposition representatives, the defense ministry has to inform the Defense Committee in advance regarding any reduction of personnel in excess of 1,000 people. This was not done. According to Fodor, the minister informed the committee members orally,

but to avoid similar debates in the future, the ministry will proceed according to the demands of the opposition.

At the meeting of Subcommittee No. 1 of the Defense Committee on 12 April, Major General Balazs Novaki, national commander of the Border Police, said that a total of 10 directorates are now supervising the activity of the Border Police, instead of the previous 13. Speaking about the activity in 1994, Novaki pointed out that they have strengthened the eastern borders. They would like to curb the increasing migration, trafficking in people and drugs, and economic crimes by increasing the number of border guards and developing their technology. In the meantime, they have reduced the number of guards on the western borders.

Sandor Nyiri, deputy state secretary at the defense ministry, told us that if the "Schengen border" gets to Hungary's eastern frontiers, we will have to guarantee smooth border traffic by carrying out a selective strengthening of our internal borders.

Ethnic Slovak Administrative Agency Elects Chief

AU1404114895 Bratislava PRAVDA in Slovak 13 Apr 95 p 2

[Report by "da": "They Want To Help Destroyed Education"]

[FBIS Translated Text] Budapest—In the local elections last December, for the first time in history, the Slovaks in Hungary also elected 239 of their representatives—who, in turn, established a 53-member, nationwide, self-administrative body on 25 March. At a closed-door session in Budapest yesterday, they elected 57-year-old Michal Mata as that body's chairman (he received 40 of the 52 available votes). Mata has been acting chairman of the Union of Slovaks in Hungary since 1993. The former executive officers of the Union of Slovaks in Hungary also assumed the posts of deputy chairman, three vice chairmen, and six committee chairmen. The Union of Slovaks in Hungary has been the strongest and, at the same time, the most moderate organization of our countrymen. The self-administration body will endeavor to actively protect the interests of this largely assimilated ethnic group, while emphasizing improvement of almost completely destroyed Slovak education.

Possibility of No Economic Growth in 1995 Noted

LD1404085395 Budapest MTV Television Network in Hungarian 0600 GMT 14 Apr 95

[FBIS Translated Excerpt] [Announcer] It is possible that there will be no economic growth this year and inflation will reach 30 percent, said Tibor Draskovics, state secretary at the Ministry of Finance, at the joint session of the Interest Coordination Council's economic and social committees.

[Correspondent] [passage omitted] The state secretary said inflation can only be kept at the above level if

employees show self-restraint when wages are increased and employers make calculations with a realistic profit.

The state secretary also said that in its supplementary budget to be submitted to parliament, the government envisages a budget deficit of 50 billion forints. It also wants to reduce the deficit of public finances to 200 billion forints, partly by controlling the debt of the local governments and partly by sorting out the Social Insurance budget. [passage omitted]

Revived Food Products Trade With Former USSR

95CH0184C Budapest NEPSZABADSAG in Hungarian 1 Mar 95 p 17

[Article by Gabor Horvath: "Promising Eastern Market—Chain of Distribution Raises Price of Exports"]

[FBIS Translated Text] The most important trade fair for the food industry in Russia, the Moscow Prodexpo, brought success to most of the attending Hungarian firms. In view of the interest and the first trade deals, foreign traders offer a decidedly optimistic assessment of the competitiveness and the chances of Hungarian agriculture and the Hungarian food industry on the markets of the former USSR, despite the fact that exporters are competing with the very cheap but inferior Polish and Bulgarian products, on the one hand, and, on the other, with better-quality Western products at prices that are artificially reduced due to strong state subsidies.

The director of the Globus agency in the Commonwealth of Independent States [CIS], Akos Kenedi, spoke of a decided success, the company's "great comeback." Their sales last year reached 4,200 metric tons, 18 times the 1993 amount of 239 metric tons, and this year promises a further strengthening of their position.

Last year Globus sold 1,900 metric tons of fruit juices and 1,300 tons of tomato juice in the CIS. Other leading items were canned peas, pickles, stewed green peppers and tomatoes, mixed pickles, corn, and canned fruit. The entire volume was handled by private businesses, and they are currently in negotiation with the Moscow local government which does a considerable amount of importing on its own.

The market in the CIS is difficult to plan. It is fraught with many risks of a business, criminal, or political nature, but it is in the process of becoming self-regulating, and the crooks of the "Wild East" are slowly but surely going to disappear. Hungarian exporters could save themselves a lot of hassle by appearing on the market in a coordinated fashion. At the same time, they could break the barriers of the lack of capital, and would not have to throw up their hands every time a potential customer asked whether they had goods immediately available in Moscow warehouses.

In the area of alcoholic beverages, the Zwack firm is attempting to reach discriminating customers. Beyond

Unicum, they offered, at the trade fair, beautifully packaged fruit brandies and wines; but according to Karoly Montvai, director of the agency, trade is slowed down by the extremely complicated and expensive system of protective seals introduced recently by the Russian authorities.

The Mobiusz and Bacshus companies are dissatisfied with the volume of 200 metric tons they exported last year to the CIS. To make opening a Moscow agency worthwhile, five times this volume would be necessary. According to their representative, Hungarian meat is expensive on the Russian market because it passes through many hands, and a margin of 100 percent is added. At any rate, customers are looking for Hungarian products again. Now they have a basis for comparison, and they would prefer the product with the red-white-and-green label to certain Western "salamis." They would also buy Hungarian pork and beef, if it were offered. However, in view of the Hungarian commodity standard, this is not likely for the time being.

The product representative of the Szeged Pick company, Miklos Mihaly Takacs, is conducting sales from Hungary, but the firm will establish some sort of agency in Moscow within a month or two. The 1989 volume of 2,300 metric tons fell to a symbolic 20 tons last year. This year's plan is to surpass 100 tons. Of course, hard salami will never become a staple food in Russia, but there is a chance that Pick could become one of the very select group of "court suppliers" to the Kremlin.

Subsidies to Agricultural Sector Described

95CH0184B Budapest NEPSZABADSAG in Hungarian
1 Mar 95 p 18

[Unattributed article: "Eight and a Half Billion to Producers; Support Plans for Spring Chores"]

[FBIS Translated Text] The 1995 budget includes nearly 70 billion forints [Ft] to support the agricultural sector, thus putting it in a preferential position compared to other industries. Within these funds, Ft8.5 billion are earmarked for a partial assumption of the interest on loans that finance the cultivation of plants, livestock-farming, and the purchase of agricultural machinery, as well as for the support of grain production.

As in earlier years, the state will ease the burden of taking out agricultural loans with a term of less than one year by granting a 10-percent interest reduction. The central subsidy can be used for loans to finance any branch of plant cultivation, and the most important branches of animal husbandry, i.e., cattle, pig, sheep, and poultry-farming.

The ministry of agriculture informed NEPSZABADSAG that farmers must apply to the banks of commerce for loans, which they can currently get at an interest rate of over 30 percent. The 10-percent budget subsidy considerably reduces the cost of interest, but farmers can apply for the subsidy only after they have taken out the loan, by

presenting a document from the bank to the local tax authorities of the first instance.

Farmers can also receive interest subsidies through the mediation of the so-called integrator organizations—such as production systems—but only if the production organizers and the farmers enter into a contractual agreement. In this case, the loans are taken out from the banks by the integrators, who in turn forward them to the farmers together with the subsidy. However, most companies prefer to grant commercial credit, i.e., seed grain or fertilizers, to their partners. The value of the money thus invested, compounded by interest, is deducted from the price of the produce collected at harvest time.

The contractual relationship necessary for the utilization of the interest subsidy by the state demands more accountability on the part of the integrators, as well. For instance, they must agree to buy the produce they ordered, and to pay the price for the produce. They must pay 70 percent of the price within 30 days of receipt of the produce, and pay the remaining 30 percent within the following 30 days.

Savings accumulated by members of savings and loan associations can also be used for the purposes of production. In order to make the offers by savings and loan associations competitive with the interests paid by banks, as of 1995, the government has extended the 10-percent interest subsidy to loans granted by savings and loan associations, as well. Provisions of the law regulating savings and loan associations allowed the utilization of members' savings granting loans, but the savings and loan associations did not receive central subsidies for such loans. According to current regulations, the associations can receive the subsidy if the money of the members loaned out for a term of less than a year is used in the branches of agriculture that qualify for the interest subsidy, and the lenders do not receive more than the prevailing prime rate.

Grain production still qualifies for a Ft2,000-per-hectare planting subsidy. Farmers can apply for this subsidy to the tax offices by presenting documentation from the county agricultural offices certifying the planting, as well as invoices proving the use of quality seed grain, insecticides, fertilizers, diesel fuel, or machine services by third parties. As of today, farmers can receive the subsidy for the work necessary for spring planting in the form of an advance if they can prove with a certification of the county office of the ministry of agriculture that they have at their disposal an area at least as large as necessary to plant the grain. Of course, they must subsequently account for the advance.

The state supports the utilization of diesel fuel for agricultural purposes in the form of an excise tax refund. Candidates can apply for a refund of 50 percent of the excise tax on diesel fuel on an ongoing basis by presenting an invoice in their name to the tax office. According to the executive order, the amounts of fuel

that qualify for the subsidy are as follows: in grain production, 90 liters per hectare per year; in horticulture, orchards, and vineyards, 2000 liters; and in turf production, 12 liters.

Privatization of Food Industry Detailed

95CH0184A Budapest NEPSZABADSAG in Hungarian
1 Mar 95 p 20

[Unattributed article: "Controversial Food Industry Privatization—Barely Five Percent Owned by Employees"]

[FBIS Translated Text] Nearly 70 percent of the Hungarian food industry is already privately owned. However, the percentage is very different in the various branches of the industry; some areas were snapped up by investors at the beginning of privatization, while others are glad to avoid liquidation.

Hungary used to be a major supplier to the former Comecon [Council for Mutual Economic Assistance, or CEMA] countries, but the markets of West Europe were also glad to buy competitive Hungarian products. Thus, when the possibility of privatization opened up, foreign investors endeavored to appear on the scene quickly and buy not only the production capacity but also the Hungarian and export markets.

The privatization of the vegetable oil industry stirred up a lot of passion. We remember that the entire industry was bought by the Italian-Dutch Feruzzi-Cereol group, which as a consequence attained a position of monopoly.

A much more serious situation developed in the meat industry. This branch was struck hard by the loss of export markets and the decrease in domestic consumption. The capacity of Hungarian processing plants far surpasses the demand created by the new situation, and as a result, several companies are on the brink of ruin and liquidation.

According to data by the State Property Agency [AVU], two firms, the Pest County Penomah and the Gyongyos Thur corporation, are under liquidation. There is an attempt to keep three companies—Ringa in Gyor, and the meat corporations of Debrecen and Szekszard—afloat through debt reconciliation. The Papa Meat corporation, the Pecs Mobius corporation, the Budapest Meat Industry corporation, and the Szeged Pick Salami corporation were privatized; the latter had a very successful career on the stock exchange. The Gyula Meat Combine, recently acquired by the largest credit bank, the Commercial Bank corporation, is trying to stay afloat on a less successful course. The Kaposvar Meat Combine was acquired by Italian investors. The Szolnok Salami corporation was bought by the Employee Stock Ownership Program [MRP] and the company's management.

The poultry industry shows a similarly mixed picture. The loss of markets struck this branch hard, as well. Half of the firms are still owned by the state; foreign investors

found only a few companies appealing. The Sarvar poultry processing plant was bought by English investors, and the one in Oroshaza, by German ones. The Bekescsaba firm is managed by the Babolna company.

The milling industry was also painfully afflicted. In the course of decentralized privatization, smaller units and mills were detached and sold separately. The milling industry remained essentially in Hungarian hands. One firm, Pannongabona [Pannon Grain], was introduced to the stock exchange, and in this way small investors were able to acquire interest in it, as well.

The canning industry also became a big loser, due to the changes of recent years and the shrinking of the markets. Still, some firms appealed to foreign investors. For instance, the factory in Szigetvar was bought by the German Manz firm, and the one in Nagykoros by the French Bonduelle company. At the same time, the largest factories, such as the canning plants in Debrecen and Bekescsaba, were unable to avoid liquidation. State ownership is minimal in the branch; most of the privatized property is owned by Hungarian investors.

In the frozen food industry, the picture is reversed. Nearly 40 percent of the industry is owned by foreign investors, and the ownership of the state is still above 25 percent. The Baja plant was bought by the Dutch Unilever, while the plant in Zalaegerszeg is owned by a U.S. firm. The Miskolc and Bekescsaba frozen food plants are still owned by the state.

In the course of the privatization of the sugar industry, the AVU repeatedly claimed that it was trying to spread out the field of owners in order to prevent a monopoly situation. Still, the trend in prices caused worries at times. According to a survey by the AVU, the Austrian Agrana group that acquired interest in the Kaposvar and the Petohaza sugar works has a market share of approximately 20 percent; the Tate and Lyle firm, which has an interest in the Kaba sugar works, has a market share of 18-19 percent; and the French firm Eridania Beghin-Say, with the sugar factories of the Matra area, Szolnok, and Szerencs, leads the foreign investors with a market share of 34 percent. The AVU kept five smaller factories—in Acs, Ercsi, Mezohegyes, Sarkad, and Sarvar—with a combined share of approximately 28 percent of the Hungarian market, in Hungarian hands.

The alcohol industry is strongly dominated by foreign interests. The Gyor alcohol-processing corporation has not yet been sold, and Hungarian investors have a good chance, in bidding for it, to offset foreign domination. The AVU has similar intentions in the case of the Miskolc alcohol-processing corporation. Here, too, Hungarian investors appear to be favored.

In the wine industry, the largest foreign investor was Henkel Schohnlein, which bought Hungarovin. The tender office is currently investigating whether it should allow Hungarovin to increase its interest in the Balatonbogar Wine corporation. The difficulties of the wine

industry are exemplified by the attempt to restore the world-renowned Tokaj area through debt consolidation. A part of the Tokaj Wine Complex was privatized: the AVU separated five smaller wine cellars, four of which were sold to Spanish, and one to French, buyers.

The beer industry was more successful in weathering the times; most of it was acquired by foreign investors. The Kobanya Brewery was bought by South-African investors, and in a somewhat roundabout way, the South-Africans also acquired the Nagykanizsa Brewery after it was dropped from the Employee Ownership Program. The Pecs Brewery became Austrian; the Borsod Brewery, Belgian; and the Sopron Brewery was acquired by another Austrian investor.

The confectionery industry was divided by foreigners, as well. The German Stollwerk firm bought the Budapest Chocolate Factory, while Nestle acquired the Szerencs Chocolate Factory. The Gyor Biscuit Factory became part of British United Biscuits.

The tobacco industry also underwent a spectacular process of privatization. Multinational companies acquired this market as well, and divided it up among themselves. The Eger factory was bought by Philip Morris, the Debrecen factory by Reemtsma, and the Pecs factory by BAT [expansion unknown]. There was a lot of turmoil involving the Nyirseg Tobacco Fermenting Plant; in the end it was acquired by the U.S. Universal Leaf Tobacco, after the company promised to bolster Hungarian producers.

Delays in Return of Church Properties Described

95CH0182b Budapest HETI VILAGGAZDASAG in Hungarian 4 Mar 95 pp 83-84

[Article by Janos Dobszay: "Former Church Property; *Lucaszek-hazak*"]

[FBIS Translated Text] The government's promise to accelerate the return of church property has remained a dead letter. This year's appropriations—the same amount as last year—are burdened with earlier commitments to indemnify, and there is no realistic chance for fulfilling the property transfer requirements contained in the 1994 list. The delay causes a feeling of insecurity not only to churches and to institutions using the churches' former properties but also to citizens who have until the end of March to purchase their rented apartments that previously belonged to a church.

Close to a year and a half of delay in four years is the balance of efforts to settle the matter of church real property so far. Although last year's government program held out hopes for the acceleration and earliest possible conclusion of the settlement (HVG 23 July 1994), it seems increasingly certain that the final deadline—the year 2001—of the process originally slated to last for 10 years cannot be met. Although in statistical terms, on a time-proportionate basis, the plan appears to have been fulfilled (about 3,000 of the 7,000 claims have

been settled), these figures are misleading. Real property has actually been returned to churches in little more than 1,500 cases, and almost the same number of claims have been withdrawn by the churches, or have been found not to fall under the authority of the law, and have been rejected by the Ministry of Culture and Public Education (MKM).

But these "easily settled" cases are not the only ones whose number is continuously decreasing. So far, claims for about 1,000 pieces of real estate have been settled relatively simply: Representatives of the churches and of present owners (mostly local governments) have agreed on the timing and conditions of return, and, alternatively, if the property was not to be returned, on the kind of remuneration the claimant former owners would receive. In recent times, however, the number of such directly consummated agreements has plummeted. Today, hardly any church buildings remain that the local governments would surrender free of charge, i.e. in exchange for another piece of realty, or without receiving financial remuneration. Churches, on the other hand, usually insist on the return of the buildings they once owned, rather than accepting financial compensation. This attitude is also reflected by the fact that in the course of settling church realty claims, only 20 percent of the approximate amount of 10 billion forints of state funds earmarked for indemnification were paid to one or another church or religious order, while the remaining 80 percent were paid to state organs or local governments.

The government makes decisions regarding indemnification cases after settlements are negotiated by a committee established specifically for that purpose. The committee membership is composed of equal numbers of government and church representatives. Although in April 1994 this committee designated 180 buildings to be returned to the churches in the same year, and authorized the expenditure of a certain amount of money for indemnification purposes, the Boross cabinet has failed to render a decision regarding the committee's action, and the first substantive reaction from the Horn cabinet did not come until late last year. In a Series 2.000 determination dated 2 November 1994, the government called upon the members of the settlement committee to review the list of 180 buildings prepared earlier. The president of the Republic, Arpad Goncz, conveyed the same request to leaders of the Catholic Church during his early February visit to the Vatican.

A separate fund to indemnify the present owners of church real property (or for the "redemption" of property claims) has been part of the state budget ever since 1992. The problem is that these funds (1.1 billion forints in 1992, 3 billion forints in 1993, and 4 billion forints each year in 1994 and 1995) hardly suffice to settle the pending realty claims, because the "package" includes many buildings worth billions of forints, and the "clearance sale" of any one of these could exhaust the entire fund, originally slated to be expended throughout a given year.

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The situation is only aggravated by the fact that during the past several years, the government generally scheduled making indemnification payments in installments over several years, as recommended by the settlement committee, and not in the form of a single lump-sum payment. As a result of this arrangement, only a minimum amount of the funds authorized to be paid out for the settlement of realty claims this year—the same amount as last year—can be used freely. For example, only 188 million forints are available for the “redemption” of real property reclaimed by the Catholic Church. At the same time, however, the Budapest local government seeks indemnification amounting to 1 billion forints for the specialized construction industry intermediate school on Szabo Ilonka Street in Budapest.

Szeged-Csanad County Bishop Endre Gyulay, cochairman of the settlement committee representing the Roman Catholic Church, and another committee cochairman, Evangelical Church bishop and president Bela Harmati, regard the insufficient determination on part of the government to settle these matters at the earliest possible date as one of the main reasons for the existing problems. For example, they are aggrieved by the fact that as of today, no one in the Horn cabinet is in charge of this matter, even though the applicable law presently in force requires that two state secretaries in the Office of the Prime Minister deal with church realty affairs. The bishops claim that the substantive division at the MKM charged with administrative responsibilities is unable to reverse the unfavorable trends because “to do so would require persons who, in given situations, could also make political decisions,” HVG was told.

“Maintaining the present situation is in no one’s interest,” according to Tibor Fedor, head of the Church Property Settlement Office of the Church Relations Division at the MKM. In his view, the former church property has significant cultural and material value but is rapidly losing its value and is becoming devastated (because, in general, the present users of these properties no longer sacrifice money for the upkeep of these buildings, and the former owners wait before expending such monies), while costs to the state could increase significantly as a result of the delay. This is so because the present users have to build or buy new buildings to replace the buildings they yield to the churches. This means that the amounts of indemnification paid to present users should be increased proportionately with inflation rate increases in the construction industry and the real estate market.

“It could be less costly to the state, if the government did not use state funds to accelerate the settlement of real estate claims,” the ministry official said. We have received information from the government, the church, and financial circles, according to which official consideration is being given developing some kind of credit structure for this purpose. Under a credit arrangement, banks would finance part of the amounts to be paid as indemnification, and the government would guarantee the repayment of such loans, including interest. But a quick decision can hardly be

expected: Lajos Bokros, the finance minister who took office last Tuesday, will certainly have something to say about this, but most likely only after the 100 day grace period he has requested.

Although the Horn cabinet is expected to submit within weeks its proposed amendments to the law governing ownership of church real estate, substantial changes are unlikely. We were told that the present codification effort is of an administrative character: the amendments will legitimize the existing situation by removing provisions requiring direction by state secretaries and designating the minister of culture and public education as the official in charge of church property claims.

“The question is not whether the transfer of real estate is or is not directed by a state secretary or a minister. We have failed in our efforts to have our claims accepted even by the previous government,” says Gusztav Zoltai, managing director of the Association of Jewish Religious Communities in Hungary (MAZSIHISZ). Zoltai forcefully objects to arguments, occasionally also advanced by government officials, according to which the number of claimants is disproportionate to the value of the realty claimed. In Zoltai’s view, legitimacy of ownership must not be questioned on the basis of the numerical ratio of claimants. “Assumptions like this 50 years after the Holocaust are more than sacrilegious,” says the MAZSIHISZ leader. In speaking of specific incidents involving real estate, he is most aggrieved by the fact that the building of the Radnoti Miklos Gymnasium, one of the most significant educational institutions of the Jewish community, was not returned to the Budapest religious community.

The functioning of the churches is not the only thing made more difficult by the situation that has evolved. At present, Law No. 32 of 1992 concerning the settlement of real property is in conflict with last year’s law governing rental apartments, and thus the rights of a significant number of citizens could be violated. In 1991, the MKM caused the recording of a covenant in all church real estate records prohibiting the sale or encumbrance of such property for 10 years. Thus real property—mainly rental housing units—in which only parts of buildings served religious or public purposes, and from which, according to the law, only these parts were supposed to be returned to the churches, became fully covered by the prohibition (including other parts of buildings previously rented out by the church for housing purposes). Since “mixed” buildings like these have been recorded in real property records under one topographical lot number, even tenants residing in apartments not subject to the authority of the church property settlement law are now restricted in buying their apartments. The housing law provides that tenants’ rights to purchase the apartments in which they reside expire at the end of March, and therefore the tenants will be unable to enforce their rights to buy, unless they are able to cause the land office having jurisdiction to declare such buildings cooperative housing units, and prepare a separate page in the real estate records for each apartment.

[Box, p 83] Regulations Pertaining to the Return of Property

Pursuant to Law No. 32. of 1991 on the settlement of the ownership conditions of former church real property, the real estate that may be reclaimed by a church must have been placed under state ownership without indemnification after 1 January 1948, and must be presently owned by the state or by a local government. The provisions of the law do not apply to real estate privately owned on 22 July 1991, the effective date of the law.

The transfer of realty to churches is conditioned by the fact that the realty claimed had been used for educational,

health care, social welfare, cultural, or religious purposes at the time of nationalization, and by the requirement that upon taking possession of the property, the churches would use the reacquired property for such purposes.

Churches, religious denominations, and religious orders may receive alternate real property, and, in exceptional cases, monetary indemnification for the property they claim. Indemnification received in the form of money may be expended only for the purchase of real property or for the construction of buildings to be used for purposes specified by law.

Minister on Reform, Reopening Kuklinski Case*WS1304115495 Warsaw ZYCIE WARSZAWY in Polish 13 Apr 95 p 3*

[Report by Piotr Smilowicz: "An Invitation to Court for Col. Kuklinski"]

[FBIS Translated Text] *According to Jerzy Jaskiernia, the only solution to the case of Colonel Kuklinski would be a "public" trial in Poland. The minister of justice announced he will wage a fierce battle to raise the salaries of judges and prosecutors.*

"For five years prosecutors general have been examining the case of Col. Kuklinski and they did not find any reason to file an extraordinary appeal against his sentence," said Minister of Justice Jerzy Jaskiernia at a news conference yesterday. "The decision made by the president of the Supreme Court means that the case will be reopened. The Prosecutor's Office will, however, only examine actual evidence, disregarding the political context," he added.

According to Jaskiernia, Kuklinski should come to Poland. He would be guaranteed that "no preventive or punitive action will be taken against him." Only then could a "public trial be held."

"The 1983 trial was improper because it was held in Kuklinski's absence," he stated.

The head of the Ministry of Justice called the news conference to report on what the ministry intends to do in the face of the "catastrophic condition of the prosecutors' offices and the judiciary." He said with alarm that while the number of cases examined by the judicial system has grown by 150 percent since 1989, judges and prosecutors continue to seek better paid jobs.

In May, the ministry is to present the government with a report on the condition of the judiciary. That report is to provide a basis for an appeal for more budget funding.

"The pay raises cannot be symbolic. Judges and prosecutors must be the aristocracy of the legal profession," said Jaskiernia. "Knowing the prime minister's stance on the issue, I trust he will convince the minister of finance."

Asked about the "clean hands" campaign, he said he intends to continue it primarily against local administration officials and employees of the President's Chancellery—on which not all information has yet been obtained.

"We investigated whether it would be possible to recover the additional money that state officials earned at various companies," he said. "It turned out that a ruling passed by the Constitutional Tribunal does not allow for that."

Former Chief of Intelligence Service Interviewed*WS1404080095 Warsaw POLITYKA in Polish 15 Apr 95 pp 1, 8-9*

[Interview with Henryk Jasik, Polish deputy minister of internal affairs and head of the Office of State Protection

until 1992, by Janina Paradowska; place and date not given: "Risky Operations, the Best Agents, the Most Expensive Informers: Three Interviews"]

[FBIS Translated Excerpt] [Paradowska] How many interviews have you given in your life?

[Jasik] Two, in early 1991. On 1 August 1990, I was appointed head of the Intelligence Board at the Office of State Protection [UOP] and had a tough fall afterwards. The press launched an attack against me, calling me an "agent of the Kremlin," a "secret service fink," a "traitor" of Poland. It was a very tough time for me, and I was able to live through it only thanks to the support—also moral—of [Internal Affairs] Minister Andrzej Milczanowski. I wanted to counter the charges in public. Then I fell silent.

[Paradowska] Nonetheless, your name remained on the lips of everyone. "A huge talent with a disgraceful past dating back to the times of the Peoples' Republic." [Former Internal Affairs] Minister Macierewicz "purged" the Polish intelligence service by dismissing you. Before he did, there was the operation that is currently widely publicized in the U.S. press. THE WASHINGTON POST carried out its own investigation on the smuggling of six CIA agents out of Iraq by Polish intelligence officers before operation Desert Storm was launched, and published its findings. A book has been published in Poland in an attempt to reconstruct those events. It is rumored that a movie is even to be filmed on the motives behind this bravado operation. I have heard that when the makers of the film turned to our Ministry of Internal Affairs for assistance, they were told that there had never been such an operation.

[Jasik] I know the truth and I can confirm that it really did take place. I will not, however, disclose any details.

[Paradowska] They have been given by a U.S. journalist.

[Jasik] The operation was completely different from what THE WASHINGTON POST and the authors of the Polish book have written. I hope no one will ever learn the details of that operation, that it will remain a secret of the Polish intelligence services. Every operation consists of dozens of elements, many people and objects are involved. In this particular case, there were numerous and various links, small and big. We were very successful in coordinating them perfectly. It truly was a model operation. A wonderful scenario could really be written, but certain elements of our operation—due to their ingenuity—could still be used by our intelligence services in the future. Why should we reveal ideas only we were able to come up with? Disclosing the details could also help identify the people involved. From the point of view of security, this is inadmissible. There is also the complex issue of relations between Poland and Iraq. Iraq's intelligence services have a brandname of their own and there is an unwritten rule that the intelligence services do not reveal the details of their failures or success. Just as I did at the time, I still claim this

operation was very important for the intelligence services—it allowed them to gain credibility in the eyes of the top state officials in Poland. It has also contributed to the improvement of our position on the international arena, particularly as far as our debt reduction is concerned, although no one said this out loud. [passage omitted]

[Paradowska] We are frequently being told that intelligence never had anything to do with ideology. Nobody believes that. The Ministry of Internal Affairs [MSW] specifically served strengthening a very ideological system.

[Jasik] I did not know anything about the remaining services within the ministry. I spent my whole life in the intelligence service, where skills and the duty to look at the world with wide open eyes—both to the West and East—were the only things that mattered.

[Paradowska] To the East as well?

[Jasik] No one questions the fact that Polish intelligence was independent and always tread its own paths. This has been confirmed, for example, in statements issued by former KGB officers who defected to the other side. Oleg Gordiyevskiy, who has been at the disposal of British intelligence since 1985, also confirmed this. In 1991, when I assisted Minister Milczanowski during his visit to Great Britain, a meeting with Gordiyevskiy was arranged. He admitted that all the states of the socialist bloc had trained their officers in Moscow, and Polish intelligence was the only one that carried out training domestically. None of us were trained in Moscow. Other services of the ministry yes, but not us.

[Paradowska] Did you have any specialization?

[Jasik] There were three major areas of scientific and technological espionage—chemistry, electronics, especially those used in the arms industry, and heavy industry. I think I was selected because of my education. [passage omitted]

[Paradowska] Do you want to say that your job was nice and easy?

[Jasik] Not always, sometimes it was very difficult, although some claim anyone can be bought. There are nations more prone to bribery than others. It was very easy to bribe Americans, despite the specific type of superpower pride they exhibit. It was not that simple with the British or the Germans. [passage omitted]

[Paradowska] Do you know how often intercepted technologies or equipment went to the East?

[Jasik] We worked primarily for the needs of Polish industry. There were instances, of course, when we sold various documents to Moscow with a profit. We did so especially when we discovered a very good source, had already used it for our aims, and—not wanting it to dry up—had to find new uses for it. It is very difficult to recruit new agents for the scientific and technological

intelligence services, so no one breaks off valuable contacts only because there are no commissions. In such cases we were sometimes commissioned by Moscow. [passage omitted]

[Paradowska] There is a widespread belief that Polish intelligence had three major stars: the daring Zacharski, Jasik—the man who solved unsolvable problems, and the ambitious Czempinski [current head of UOP]. What are the similarities and differences between you and them?

[Jasik] Zacharski, of course, is the best of us. His achievements are unsurpassed. Thrown into the territory of the United States, alone and very young, with the mission of finding out everything possible about the most carefully kept secrets of the arms industry in California—the lion's den—he performed superbly. He did so because of his personality: an extrovert, with a sense of humor and great charm, at the same time very stubborn. If at first he did not succeed, he tried again. He is a very quick learner. He is a lawyer by education, but he can also speak freely about technology and electronics. It is impossible to list all his good qualities. At the same time, he proved very responsible, he did not break down in times of difficulty. Czempinski and I have very similar backgrounds. We were born in the same year, we began working at the ministry at more or less the same time, our careers were very similar, albeit in various departments of the ministry. Beginning with June, 1990, we began working together. He was then my deputy at the Intelligence Board, and our cooperation was smooth. As far as professional skills are concerned, we are not that different. [passage omitted]

[Paradowska] Mr. Minister, what aim does the intelligence serve in current times, when breaking into the databases of the most intricate computer networks ceases to be a problem, when technology takes over from man in so many areas, and when the confrontation of political blocs is not what it used to be?

[Jasik] If I say that the objective of intelligence is now becoming the protection of the still very fragile stability that is only beginning to emerge, you might immediately retort: For what do we need politics and diplomacy, let the intelligence services form one big happy family and everything will be okay. But this is how it is, to a certain extent. There are problems that are global—the proliferation of fissile materials, terrorism in its various forms, drugs. These phenomena do not have one clear national face. Intelligence services should cut the knots tying various groups. The threats are thus common for many states, and their scale compels us to cooperate, not compete. Hence intelligence itself is becoming more global.

[Paradowska] What is the greatest threat to Poland at present? What is currently the greatest challenge for the intelligence service?

[Jasik] Definitely terrorism. Despite the fact that we are currently dealing primarily with criminal terrorism, its

other variety—ideological—may soon appear and we have to be prepared for that. Poland is a transit country for drug and fissile materials traffic, hence our second major aim. The intelligence, as a state service, is also under an obligation to protect the economy. We must thus warn against improper business partners and protect our secrets from the competition. We must also create friendly feelings for Poland on the international arena and prepare the ground for our diplomacy wherever possible. Unofficially, through the intelligence services' channels, it is possible to present Poland's various problems and wishes, on the condition, obviously, that we have good working contacts with the intelligence services of the states with which we want to establish good relations.

[Paradowska] So it is no longer as it was in the past, that the main aim was to steal, take away, and cheat? Or is still a bit like that?

[Jasik] It really is no longer such an outright battle. I left the intelligence service three years ago and have no idea of current operations. Besides, I try to avoid talking about details. Unless I am asked for an opinion.

[Paradowska] We began our discussion with the interviews you gave in 1991 to ward off attacks that you were an agent of the Kremlin. Apart from—obviously—the formal verification, was it difficult for an officer of the old intelligence system to step into the new one? What was the impact of the fact that the enemy of old had suddenly become a friend?

[Jasik] It was not particularly traumatic for me. The transformation that took place in 1989 was not that much of a surprise. I think we were all prepared for it in some way, we matured as it was coming. Of course, as I have already said, once Minister Kozlowski took office I reported to him and expressed my readiness to leave. I never said I was forced to work there, that I had signed up with the [Polish United Workers] Party so as to dismantle the system from within.

[Paradowska] Did the new power use the services of the intelligence immediately from the start, or did it rather shy away from it in the fear that it was a remnant of the old system?

[Jasik] MSW was very fortunate to have been reorganized by Ministers Kozlowski and Milczanowski very early on. As a result, a civilian ministry, UOP, and the police were formed, decisions on the staffing of top posts were quickly made. As head of intelligence, I received assistance from all sides—I was able to lay down the principles of cooperation with the Ministry of Foreign Affairs and with other ministries. Believe me, a good time began for me. Before 1989, only the minister of

internal affairs spoke with other ministers and high state officials. Right now the head of intelligence can talk with the prime minister and all the ministers.

[Paradowska] I understand you paid various visits and offered your services, but were you ever taken up on your offers? Does the Polish state know how to use its intelligence services? Set its objectives?

[Jasik] Those services were used in many cases pertaining, for example, to economic transformations (Deputy Prime Minister Leszek Balcerowicz, Minister [Without Portfolio] Trzeciakowski and [Minister of Industry] Syryjczyk were particularly interested). In my opinion, however, they were not used to their full extent. This was also the case before 1989. Intelligence always took the initiative to a large extent.

[Paradowska] What can be the grounds for the allegation that it is the intelligence that runs the state, and not the other way around?

[Jasik] That is an unwarranted allegation. There are currently no barriers in contacts with the top levels of power. All topics and problems are brought up in direct talks. I do not even think there is a need to formulate any catalogue of long-term objectives for intelligence because these contacts are regular and opinions are exchanged all the time. [passage omitted]

Kolodko Accuses Central Bank of Policy Errors

LD1304140895 Warsaw Third Program Radio Network in Polish 1200 GMT 13 Apr 95

[FBIS Translated Text] Grzegorz Kolodko, deputy prime minister and minister of finance, has accused the National Polish Bank of making obvious monetary policy errors. During his visit to Poznan, the deputy prime minister said that it was because of these errors that the anti-inflation policy being implemented by the government was not yielding better results.

[Begin Kolodko recording] It is a fact that our government is fully determined and very consistent in its anti-inflation policy. The policy is bringing better and better results, and it would be a lot more effective if it was not for obvious errors in the monetary policy pursued by the National Polish Bank. From this point of view one should also clearly say that at least several percentage points in our inflation rate, as it stood in the first three or four months of this year, was caused by wrong adjustment moves in the monetary policy, which is being implemented by our totally independent and sovereign central bank.

We did warn about this. We warned about this in August, in September, many times. In fact, those discussions were also conducted in public. [end recording]

Tinca Views Cooperation With Russian Federation

AU1404055495 Bucharest EVENIMENTUL ZILEI in Romanian 10 Apr 95 p 16

[Report by Doru Dragomir on statements by Defense Minister Gheorghe Tinca upon return from Moscow on 8 April: "Russia Offered To Grant Romania Access To Satellite Communications"]

[FBIS Translated Text]

The Romanian Army Wishes To Purchase a Dual-Control MiG-29

On Saturday, 8 April, upon his return from Moscow, Gheorghe Tinca, Romania's minister of national defense, told us the following:

"The visit was useful from many points of view. First of all, the quality of the dialogue that we held was remarkable because of its frank character and the wish expressed by both sides to build confidence and respect for the arguments and position expressed both by us and by our Russian partners.

"We held talks with Minister Pavel Grachev and made a general review of security in our area and in Europe. We discussed bilateral relations and we briefed each other on the situation in our armies and the stage of the reform. As far as technological cooperation is concerned, I believe that we succeeded somehow in setting a foundation for closer cooperation.

"We are trying to obtain aircraft spare parts so as to carry out some repair work and thus make as many aircraft as possible operational and use them for training purposes. We are interested in purchasing a dual-control MiG-29 to increase our pilots' training possibilities. We perceived a willingness to have some research work carried out together. Probably we will benefit from technological assistance in solving some of the problems that we are facing with certain equipment. I believe that from this point of view some changes will indeed be felt."

Our Hosts Made a Courteous Gesture

"Relations between the two armies are seen as good. The entire visit served to emphasize this. We enjoyed our

hosts' hospitality. Our program was very busy and well-conceived. It also covered the military area. We also saw some new things for the first time. Today (Saturday—editor's note), we went somewhere in the northern part of the country where we viewed some intercontinental missile systems. This was a nice gesture by our hosts toward us. It is said that this was a first (to visit such a military base)."

The 14th Army Is Mainly a Transportation Problem

"We talked about the 14th Army with Vladimir Shumeyko, president of the Council of the Russian Federation. The opinion that we heard was that it is not so much a political issue as one connected with transportation. Russia wants the 14th Army, or what is left of it, to withdraw; however, the greatest problem arises from the immense amount of equipment and weapons involved.

"Russia does not object to a central European country's joining NATO, but it objects to the idea of NATO's expansion. It is Russia's responsibility to defend its own interests and it is doing the right thing. They presented us with the arguments that support this position. I respect them. We also stated our position and our arguments; however we, namely Mr. Grachev and ourselves, agreed that we have to hold more talks, meaning that we have to continue the dialogue and try to clarify ways in which we perceive each other, and clarify our positions."

Russia Has Offered Romania Access to Its Communications Satellites

"Russia has offered us a proposition—we have not negotiated on this issue yet and did not even discuss details, because they are included in the list of cooperation possibilities: that Romania should have access to Russia's telecommunication satellites. If this idea takes concrete shape, we must examine this proposal together with other institutions in Romania, because it is not only the Army that needs such communications. Later, the Russian side will have to tell us in greater detail what it is all about, and then we can form a more concrete opinion about the idea."

During its stay in Russia, the delegation visited the air base in Kubinka; the 27th Independent Mechanized Brigade at Tepliston, where the T-80 tank was displayed; an aircraft factory; and the Moscow Military Academy.

Stoltenberg Views Balkan Peace Process, Progress
BR1404093095 Copenhagen BERLINGSKE TIDENDE
in Danish 13 Apr 95 p 8

[Report on interview with Thorvald Stoltenberg, UN chief negotiator in Bosnia, by Soren Ostergaard Sorensen in Zagreb; no date given: "Stoltenberg: We Must Not Abandon Bosnia"]

[FBIS Translated Text] Zagreb—Thorvald Stoltenberg does not look like a man who is about to throw in the towel. One's first impression is that the statesman shows absolutely no sign of being in crisis over the seemingly impossible task which he has voluntarily agreed to carry out: peacemaker for the former Yugoslavia—one of the world's most thankless jobs.

The 63-year-old Norwegian's blue eyes lit up with enthusiasm when he told me of the work which has occupied him around the clock for the last two years. But the honor he has been shown in gratitude for his involvement is limited.

Peace Plan Collapsed

Since he took over the job from former U.S. Secretary of State Cyrus Vance in January 1993 the peace process has not scored many successes. The Owen-Stoltenberg peace plan collapsed like the Vance-Owen plan and the Carrington-Cutilheiro plan before it, the war and ethnic cleansing have continued, mediation attempts have collapsed, international powerlessness and disagreement have been exposed.

The biggest peacekeeping operation in the history of the United Nations—the 45,000-man UNPROFOR [UN Protection Force] action—has become the target for both military and verbal attacks from all sides: A symbol of the problems of the United Nations as an organization which since the end of the Cold War has been saddled with the thankless task of sorting out all sorts of complicated conflicts. The whipping boy for international powerlessness. A colossus with feet of clay and an easy target of caricatures.

"No, this is not a job I would recommend a young and ambitious man or woman to take. It is not particularly career enhancing," Stoltenberg said with a diplomatic smile.

But if the arch-Norwegian has regretted leaving the post of Norwegian foreign minister, he hides it very well.

"The longer you work down here, the more modest you become. But you also become more obsessed with the idea that you cannot give up. That is how banal it is," said Stoltenberg, who has tried to influence Serbian President Slobodan Milosevic to create some movement in the peace process by recognizing Bosnia-Herzegovina and Croatia within their internationally accepted borders.

Key Person

Stoltenberg describes Milosevic as "one of the most important key persons in the peace process."

"Milosevic has told the Contact Group (the United States, Russia, France, Britain, and Germany—BERLINGSKE TIDENDE editor's note) that he could be moving toward recognizing Bosnia-Herzegovina. But he also says that this is unthinkable if at the international level the sanctions against Belgrade are simply suspended and not lifted. When you talk with him he says quite clearly that he will not play this card until the embargo has been completely lifted; and personally I do not think that it is possible to move him on this point," Stoltenberg said.

For acceptance of a trade-off of the lifting of the sanctions in return for Milosevic's recognition of current international borders, countries like the United States are demanding special guarantees from the Serbian leader. The problem is that the United States fears that Milosevic will welsh on his side of the agreement and that it will then be difficult to get the sanctions reintroduced because of the possibility of a veto in the UN Security Council from Russia, which has more been more open in its support for Belgrade's interests.

Thorvald Stoltenberg, who was in the Norwegian diplomatic service in the sixties and stationed in Belgrade where he learned Serbo-Croatian, has sat across the table countless times from Slobodan Milosevic—the man who is most often mentioned as the main force behind the start of the violent developments in the former Yugoslavia. On the basis of his most recent meetings it is Stoltenberg's assessment that the Serbian leader is ready to seek a peace settlement in order to have the international sanctions lifted, and that Milosevic is genuine when he now criticizes the Bosnian Serbs and their leader, Radovan Karadzic.

"I have no reason to doubt the honesty of Milosevic's break with Karadzic's ideas. These have been a major political burden for Milosevic, and I find it difficult to see why he should take on the enormous domestic political burden that this break represents if he does not mean what he says.

"There is after all an historic tradition of the Serbians dividing into a clearly nationalist movement and a more pragmatic line. During World War II we had the Serbian nationalist Mihajlovic who had the support in the countryside of the church and the Serbian farmers. That is the role Karadzic plays today. Then there were the people around the pragmatic Tito who chose to solve the problems step by step and not against the background of a Greater Serbian nationalism, and I take the view that today Milosevic is the pragmatist."

So in your view he is not a nationalist with Greater Serbian ambitions?

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"I do not have all the information to be able to assess how much or how little Milosevic is a nationalist. After almost 40 years in political life, I find it more and more difficult and more and more dangerous to speculate about people's motives. It is better to make an assessment of people on the basis of what they say and what they do. To be honest, I am not in a position to tell you whether Milosevic's nationalist outburst in 1988 was genuine or just tactics. I simply do not know," said Thorvald Stoltenberg, who believes that the most important obstacles to an overall peace settlement is that "some people" believe that the arms embargo will soon be lifted.

Without mentioning the Muslim-dominated Bosnian leadership in Sarajevo by name, Stoltenberg said that all the talk—particularly in the United States—of lifting the arms embargo against the Bosnian Government Army has blocked the work of the peace mediators because it has created false hopes among the Bosnian Muslims.

"There are many people who are waiting for the arms embargo to be lifted and who, therefore, believe that the Bosnians or the Muslims will become stronger militarily and make greater gains on the battlefield than through negotiation. This has promoted the belief in military solution and not a negotiated solution. This is tragic for the people who live in the region. Those who believe that lifting the arms embargo will promote a solution for the local population in Bosnia are seriously mistaken," said Stoltenberg, who seems bitter that the Owen-Stoltenberg peace plan collapsed at the last minute in September 1993 because of opposition from Sarajevo.

"It was deeply tragic because since then we have never been so close to a peaceful settlement which everyone was able to accept. In 1993 Lord Owen and I were sitting down the whole time with President Izetbegovic, Milosevic, Tudjman, Karadzic, and Boban together and negotiating. This is completely unthinkable today. Today we negotiate about meeting to negotiate. At that time everyone was keen that we should find a solution, and then unfortunately it was rejected by the parliament in Sarajevo. A rejection which I think was due to the fact that some people had false hopes that the arms embargo would be lifted and that they would as a result be stronger. I do not think that that is the way things work. If you lift the arms embargo against the Bosnians or the Muslims, this means in reality more arms for all sides.

"I speak their language and so I often come into contact with the local population when I travel round and I do not doubt for one minute that the majority of ordinary people—regardless of whether you find them on the land, in factories, in town squares, or on country roads—want peace as quickly as possible. They are after all the ones who go around in fear, they are the ones who are starving and freezing and are killed. The same day that the Owen-Stoltenberg plan was rejected two little girls were killed in Maglaj. That is something I will never

forget. I keep thinking that if the peace plan had held, those girls would have been alive today," Stoltenberg said.

"I hope that the peace process for the former Yugoslavia will not take 25 or 40 years as has been the case in Cyprus and the Middle East. But regardless of what happens we must not abandon the peace process, for that would be the same as giving free rein to the use of arms. The peace process has not produced the results I was hoping for. When I took the job two years ago, I believed that it was a six-month job. That was not how things turned out, but I have to say that as time passes I am becoming more and more obsessed about resolving this conflict.

"I hope that there will not be a war situation in Bosnia where the international community leaves the various sides to fight out their conflicts militarily. This would be a terrible burden to impose on the local population, regardless of whether they are Muslims, Serbs, or Croats. I know very well that many leading politicians in Europe today think that we might just as well let them fight to the bitter end. I can understand this feeling, for it is quite heartbreaking that it is so difficult to create peace. But, we must not give up.

"For every day that the war goes on, the deeper are the wounds, and the more difficult it becomes to create the possibility of a normal future life among the different populations. Despite the great hatred after World War II, there were successes in getting people to live together more or less peacefully again. But this was only possible because there was a dictator like Tito in power. That is why I think it is very important to make it clear that what we are working on in the former Yugoslavia is not only a question of war and peace. It is also a question of the ability of democracy to handle such dramatic and difficult issues as those which dominate in the Balkans. This is what is the big test for us. Anyone who has read Ivo Andric (whose books include 'The Bridge Over the Drina'—BERLINGSKE TIDENDE editor's note) can say that this is something that can never be done because the conflict and the antagonisms here have roots which go back centuries. But this is the task facing us.

"In principle it is the same problem as in the Middle East. It is one thing to create peace—and to tell the truth this has taken time—but another and just as important a task is turn the antagonisms into peaceful coexistence once peace has been achieved. The big question is whether the world community will have the same patience with the Balkans as it had with the Middle East. For everyone must know that you cannot simply make peace here and then leave the region. We will have to remain here for a long time and follow developments from the very closest range."

Karadzic on Possibility of RSK, RS Unification

LD1304185495 Belgrade SRNA in Serbo-Croatian 1739 GMT 13 Apr 95

[Item received by fax]

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[FBIS Translated Text] Bijeljina, 13 Apr (SRNA)—Radovan Karadzic, president of the Srpska republic [RS], confirmed in Bijeljina today that the People's Assembly of the Srpska republic will, at its 50th session in Sanski Most on 14 and 15 April, consider the possibility of the unification of the RS and the republic of Serb Krajina [RSK].

"Unification will, of course, not take place immediately, but we should lay the foundations for it," Karadzic said and hinted at the possibility of forming a working group which would work out the details of unification.

In a statement to Radio Semberija and Majevisa, Karadzic confirmed his readiness to meet former U.S. President Jimmy Carter in Pale again in order to find a peaceful solution to the Bosnia-Herzegovina crisis.

Commenting on the disappointment of the Contact Group experts after their recent meeting in Belgrade with Serbian President Slobodan Milosevic, who did not agree to recognize the former Bosnia-Herzegovina within its AVNOJ [Anti-Fascist Council for the National Liberation of Yugoslavia; i.e. post-1945] borders, Karadzic said that "Milosevic at that moment was his old self and during this meeting he removed this from the agenda."

"These are low-level officials who are in a position to see a head of state and to make an assessment of him," the president explained.

"I believe that on this occasion President Milosevic acted correctly and if he were to decide to be his old self and again deal with matters of Serb liberation and unification, we would all support him," Karadzic stressed.

UN, Army: Ethnic Cleansing in Mt. Majevisa Area

AU1404080995 Paris AFP in English 0757 GMT 14 Apr 95

[FBIS Transcribed Text] Sarajevo, April 14 (AFP)—About 100 Moslems have been forced to cross confrontation lines in northeast Bosnia in the latest wave of "ethnic cleansing" by Bosnian Serbs, Bosnian Army and UN Protection Force officials said here Friday.

The 2d Corps Information Service in Tuzla said some 50 people, in two groups, were forced across the lines Thursday afternoon in the Mount Majevisa area. Most of them were women, children and elderly people.

International Committee of the Red Cross (ICRC) officials here confirmed that 49 people arrived Thursday in the village of Humci after being forced to walk seven kilometers in winter conditions across the frontline. One man, aged 78, died of exhaustion, ICRC spokeswoman Nina Winquist said. Another group of 43 people was understood to have arrived in the area Thursday night, according to UN Protection Force spokesman Lieutenant-Colonel Gary Coward.

Some 6,000 people were expelled from Serb-held Bijeljina between July and November of last year and "ethnic cleansing" now appeared to have resumed there, Winquist said.

Some 1,500 to 2,000 non-Serbs were still believed to be living in the town. Their telephone lines were being cut in a bid to encourage them to leave. Those "volunteering" to go were being charged 3,000 German marks [DM] if they were of military age, with women and children being charged DM400, according to local ICRC sources.

One young man, originally included in the group of those to be expelled, was detained at the last minute on the Serb side of the line, sources said. Heavy fighting has opposed government and Serb forces over the past three weeks in the Mt. Majevisa area.

SDA on Human Rights Violations in Sandzak

AU1304143895 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 13 Apr 95

[Report by Dzevad Spahic on an SDA news conference in Sarajevo on 13 April]

[FBIS Translated Excerpt] In the first part of a Party of Democratic Action [SDA] news conference in Sarajevo, Dr. Enes [?Cilibija], Dzermal Kurtovic, and Rifart [second name indistinct] spoke about the position of the Bosniaks in Sandzak and the conclusions of the SDA Executive Committee of 11 April this year.

The domestic and foreign public's attention was again drawn to the unsatisfactory position of Bosniaks in Sandzak, as well as various provocations, arrests, attempts to [words indistinct] and assimilate the population in the presence of several (?thousands) of soldiers. The Bosniaks in Sandzak are paying taxes five times higher than other residents of this region and the names of firms and places are being forcibly changed.

The SDA and the Muslim National Council of Sandzak are demanding a special status with religious and cultural autonomy for Sandzak, that the division of Sandzak is prevented, and the existing state border respected.

A seminar entitled "The Social and State Continuity of Sandzak" will be held in Sarajevo on 22 and 23 April this year. The purpose of the seminar is to explain the origin of the Bosniaks' problems in Sandzak with the Serbian-Montenegrin regime. [passage omitted]

Government Discusses Herceg-Bosna, Bonn Agreement

AU1304201995 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 13 Apr 95

[FBIS Translated Text] Today's session of the Government of the Republic and the Federation of Bosnia-Herzegovina, which was chaired by Prime Minister

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Haris Silajdzic, lasted five hours and ended with the convening of a new, special session for tomorrow morning. This illustrates the gravity of the problems on today's agenda. Mladen Bosnjak has the most important details:

[Bosnjak] The convening of the special government session tomorrow represents the most concise resume of the discussion on the causes and consequences of the adoption and application of the Herceg-Bosna Government's decree on the payment of deposits on goods and products that are imported by firms and other institutions on the territory under the control of the legal authorities of Bosnia-Herzegovina. [sentence as heard]

After concessions by Herceg-Bosna had been in effect for a month and a half, for the last few days not even seeds or fertilizers, on which the defense ability of the country and population heavily depend, can pass to the rest of the Federal, that is, the free territory of the Republic of Bosnia-Herzegovina without deposits having to be paid or guarantees from banks in Herceg-Bosna shown.

Such behavior by the Herceg-Bosna authorities cannot be justified with any excuses or counterarguments, Prime Minister Haris Silajdzic stated categorically. This categorical stance came after Trade Minister Nikola Grabovac had explained that the republican authorities are also applying customs regulations or some such regulations, even though they violate the relevant laws of the Federation, and these are having certain adverse effects on Herceg-Bosna.

At tomorrow's special session, attempts will be made to find temporary solutions to the currently topical problem of importing seeds and fertilizers, since, as Prime Minister Silajdzic stressed, there are also counter-measures. In other words, no one can leave us hungry under any pretext.

The prime minister stressed that a failure to solve the problem of letting these goods pass through to the territory under the control of the legal authorities can have serious consequences on relations between the Croats and Bosniaks, and thus for relations between the Republic of Bosnia-Herzegovina and the Republic of Croatia.

This problem, which was discussed in the latter part of the session, is essentially one of a long series that the government started tackling in the first part of its session, at the very beginning. All these problems in fact concern the beginning of the Federation's functioning.

They were discussed during a debate on the bases for determining the activities and tasks of the Government of the Republic and the Federation of Bosnia-Herzegovina in the implementation of the already one month old Bonn Agreement.

In addition to a number of purely technical matters, the government listed some issues still outstanding in the implementation of the Bonn Agreement as follows: The application of the principle that the republican authorities are responsible for the continuity of the country's international status [subjektivitet] and territorial integrity of the Republic of Bosnia-Herzegovina, the problem of financing the republican authorities, and the financing of the Bosnia-Herzegovina Army and the Croatian Defense Council.

Of course, the government will only be able to commit itself fully to the implementation of the Bonn Agreement after the latter has been endorsed by the Constituent Assembly.

The discussion about this inevitably extended to other details concerning the functioning of the Federation. The most concise summary of that discussion would be as follows: The greatest problem is the lack of political will or goodwill to solve the outstanding issues and that the federal regulations are not being applied at all, or very little.

Serbs Accuse Yugoslav Bank of Not Settling Debts

LD1304190895 Belgrade SRNA in Serbo-Croatian 1739 GMT 13 Apr 95

[Item received by fax]

[FBIS Translated Text] Banja Luka, 13 Apr (SRNA)—In an interview for the Banja Luka daily GLAS SRPSKI, Manojlo Djoric, governor of the Srpska republic [RS] national bank, has accused the National Bank of Yugoslavia [NBJ] of not settling its dinar debt in cash toward the RS.

Djoric recalled that in 1994 the RS national bank deposited foreign currency with the NBJ, on the basis of which it received dinars in cash. However, when the NBJ changed the money in its own territory, it gave the RS only one quarter of the total cash sum.

"Some 10 days ago we asked UN representatives about this problem, but received no reply. All we want is the amount of cash which is equivalent to our foreign currency funds," Djoric explained.

Iranian Military Base Established on Krk Island*LD1304124695 Belgrade SRNA in Serbo-Croatian 1148 GMT 12 Apr 95*

[Received by fax]

[FBIS Translated Text] Paris, 13 Apr (SRNA)—At the behest of Washington, the Croatian Government has leased land to Iran for a military base on the island of Krk in the Adriatic, from which the Bosnian Muslims are being supplied with mujaheddin and arms, Miodrag Jankovic, the SRNA correspondent in Paris, reports.

Sources close to the White House have announced that the European partners have drawn the U.S. Administration's attention to the fact that "such moves directly stimulate Islamic extremism in the heart of Europe."

Anthony Lake, assistant to the U.S. president for national security affairs, it is said, has reacted to such warnings by saying that "the Americans have reasons for turning a blind eye to the Iranian base on Krk."

UN To Complete Troop Reduction by End of June*AU1304164595 Paris AFP in English 1606 GMT 13 Apr 95*

[FBIS Transcribed Text] Zagreb, April 13 (AFP)—The required reduction in the number of UN troops serving in Croatia should be completed by the end of June, UN spokesman Michael Williams said here Thursday [13 April].

The UN force will be cut from its present strength of 13,000 troops to some 8,000 following demands by the Zagreb government, which initially threatened not to renew the UN mandate, doing so only after yielding to international pressure.

Zagreb accepted a continuation of the UN mandate in the country, but with reduced numbers and a redefined mandate.

The Croatian authorities initially demanded a cut in UN troop numbers to 6,000, but the UN said this was "unrealistic" and negotiated an increase to 8,000. Zagreb has long argued that the UN Protection Force served only to freeze Serb gains in the country. Secessionist Serbs currently control around a quarter of Croatia.

The vast majority of the 13,000 UN troops currently in the country are deployed in four sectors under secessionist Croatian Serb control. Around half the current force will be redeployed to supplement the UN force in Bosnia-Herzegovina, particularly in the six UN-protected areas of Sarajevo, Bihac, Zepa, Tuzla, Gorazde, and Srebrenica. The other half will be repatriated.

Zagreb has insisted that under the new mandate, UN troops will concentrate on Croatia's external borders with Bosnia and Serbia, demanding that the UN be

responsible for a total of 66 checkpoints, 21 of them on bridges, the 45 others along roads. This could yet prove problematic. Secessionist Serbs controlling the Krajina region of Croatia have only agreed to around 20 of the crossing points, according to a leading UN official.

Operational procedure for the new UN mandate in Croatia is due to be agreed by the UN Security Council on April 21. It has already endorsed a restructuring of UN missions in the former Yugoslavia, and splitting the former UNPROFOR (UN Protection Force), which acted as a unit throughout the former Yugoslavia, into three distinct operations.

Knin Serbs Bringing Forces to Bosnian Border*AU1304154395 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 13 Apr 95*

[Report by Nada al-Isa from Zagreb]

[FBIS Translated Text] The Serbs from the occupied Croatian territories are bringing fresh forces to the border with Bosnia. This has been confirmed by UNCRO [UN Confidence Restoration Operation in Croatia] Headquarters in Zagreb. Prior to that, they had (?dispersed) the UN forces. The aggressor's aircraft are again taking off from Udbine Airport. Have Croatia's problems with UNPROFOR [UN Protection Force] made Milosevic's recognition of Croatia more remote, especially after the replacement of Russian General Perelykin? Nada al-Isa reports from Zagreb:

[al-Isa] One aircraft again took off from Udbina Airport today toward Bihac in what is assumed to be a reconnaissance mission, since it quickly returned to base, UNCRO's Zagreb Headquarters says.

Aircraft are again taking off from Udbina very frequently. Yesterday, they flew over Knin. Martić is bringing fresh forces from the direction of Licko Petrovo Selo and Donji Lapac toward (?Tesa), which the 5th Corps of the Army of Bosnia-Herzegovina recently [word indistinct] from the Bosnian side.

UNPROFOR spokesman Alun Roberts says that the forces here are so strong that a new, strong attack on Bihac can be expected from the so-called SAO [Serbian Autonomous Region] Krajina. UNPROFOR is not even able to help Croatia in its relations with Knin, as the local Serbs have banned the movement of UNPROFOR members and their vehicles bearing the UNCRO insignia.

Have Croatia's problems with UNPROFOR made Milosevic's recognition of Croatia more remote? After the mysterious visit by the Contact Group to Zagreb and the talks with Croatian President Tudjman, the only thing journalists have been told, the only thing that has officially been learned, is that the talks in Zagreb and Belgrade were of a confidential nature.

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On the Croatian political scene one can unofficially hear today that Milosevic is allegedly prepared to recognize only Bosnia, but not Croatia. Some people claim that Croatia's insistence on the replacement of Russian Gen. Perelyakin is the reason for this. One can no longer hear in Zagreb that Milosevic is prepared to recognize Croatia, that it is only a matter of days before he will do this, as was the case until a few days ago.

Minister Granic was to have gone to Belgrade. This was announced by President Tudjman himself. However, neither of these two things is being mentioned any longer, neither recognition nor Granic's visit to Belgrade. No one knows why. No one knows what has happened between Zagreb and Belgrade or perhaps between Tudjman and Milosevic.

Lezajic Comments on Unification Models With FRY

AU1304202095 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 13 Apr 95

[FBIS Translated Text] Rajko Lezajic, chairman of the assembly of the republic of Serbian Krajina, has said in Knin that the best method of creating a Serbian federation is the simultaneous or separate joining of the republic of Serbian Krajina and the Serpska republic to the Federal Republic of Yugoslavia [FRY] as federal units. A confederal link is also possible here as a transitional solution.

According to Lezajic, such a form of unification has an advantage over the proposals to create a federation of the Srpska republic and the republic of Serbian Krajina first or to opt for a unitarian unification [unitarno ujedinjenje] of these two Serbian states. In the opinion of the republic of Serbian Krajina, a unitarian federation of the two countries west of the Drina runs the risk of a permanent division into eastern and western Serbs with a border on the Drina, Lezajic said.

Krajina Official Views Replacement of Perelyakin

LD1304154895 Belgrade TANJUG in English 1530 GMT 13 Apr 95

[FBIS Transcribed Text] Erdut, April 13 (TANJUG)—Serb Krajina Assistant Defence Minister Milan Milanovic said Thursday that the replacement of Russian General Aleksandr Perelyakin from the post of UNPA [UN-protected Area] sector east commander was "another political game to Russia's detriment."

"We think it possible that this is in fact a prelude for eliminating the entire Russian contingent from the republic of Serb Krajina, which, in our opinion, might mean the pullout of Russian diplomacy from these areas," Milanovic told TANJUG in the town of Erdut in the east of Serb Krajina.

U.N. Spokesman for Peacekeeping Operations Fred Eckhard said in New York late on Tuesday that the Russian general was replaced after an investigation in sector east, which he said showed discipline and morale problems.

Russian and Belgian U.N. battalions are deployed in sector east and Gen. Perelyakin was dismissed on April 11, 15 days ahead of his regular replacement within the regular rotation of sector commanders.

Commenting on Croatian allegations that Gen. Perelyakin was biased toward Serbs, Milanovic said this was not true and that cooperation with him in no way differed from cooperation with the previous sector east commander, a Belgian.

U.N. protected areas (UNPAs) mainly coincide with the territory of the republic of Serb Krajina which was formed by Serbs in Croatia, in 1991, after Croatia's armed secession from the former Yugoslavia.

The Belgrade correspondent of the Russian RIA-NOVOSTI news agency said in a report on Wednesday that the replacement of Gen. Perelyakin was aimed at expelling the Russian battalion from these protected areas, leaving only Belgian peacekeepers there. He said this would carry out "NATO's scenario" on the deployment of peacekeepers in the territory of the former Yugoslavia.

Croatia does not recognize the republic of Serb Krajina and considers UNPAs its territory.

Defense Ministers View Cooperation, Agreement

*AU1404071695 Skopje Radio Macedonia Network in
Macedonian 1430 GMT 13 Apr 95*

[Report by Todor Keramitcievski on news conference by Defense Ministers Blagoj Handziski and Mehmet Golhan in Skopje on 13 April]

[FBIS Translated Text] Defense Minister Blagoj Handziski emphasized the high degree of agreement between the two sides regarding the current developments in the Balkans. He said that our side stressed the obstacles facing Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] in its economic development, as well as in its efforts to join world and European integrations. Minister Handziski expressed his hope that this kind of high-level meeting will continue, with the goal of extending and deepening the present cooperation, which has been largely supported by the agreement that was signed today.

[Begin Handziski recording] We signed an agreement on technical and military cooperation—that is: defense industry—that anticipates the formation of a joint committee of high-level professionals assigned to examine all possibilities for cooperation in the defense industry, select and define projects of common interest, and present proposals to both sides for the realization of acceptable projects that are of benefit to the two sides. The agreement anticipates an exchange of all technical and technological knowledge on the production of materials and technical—particularly military—means. [end recording]

[Keramitcievski] Turkish National Defense Minister Mehmet Golhan assessed the relations between the two countries as excellent and emphasized the importance of Macedonia's stability for the peace and stability of the whole region. He expressed satisfaction with the signed agreement, and he said that this created the basic legal foundations for concrete and profound cooperation in the military field. Minister Golhan expressed satisfaction with the talks that he had today with President Gligorov, Prime Minister Crvenkovski, and his host, Minister Handziski, during which, as he said, it was proven that their views on many questions were identical.

[Begin Golhan recording] Turkey attaches great importance to the sovereignty, territorial integrity, totality, and inviolability of the borders of the Republic of Macedonia. The mutual respect and the relations and links between our two countries represent healthy and just foundations for a more successful development of our cooperation in all fields. We accept the view of the majority countries of the international community that, to maintain peace and stability in Macedonia, and thus to maintain peace and stability in the surroundings, Macedonia should be given full economic and political support. [end recording]

[Keramitcievski] Responding to some questions, the Turkish defense minister spoke about the operation for the cleansing of Kurds that is being carried out by the Turkish Army in northern Iraq. [sentence as heard] He then said that they were terrorists who supported the Kurds in Turkey, and that after the finalization of the action the Turkish Army would withdraw.

Mr. Golhan's stay in Macedonia continues tomorrow. He is to visit Bitola and Prilep.

Political Parties Plan To Hold Congresses

95P20640A

[FBIS Media Note] In an article titled, "'The Season' of Party Congresses Has Sprung: A Time for Accounts and Revisions," in the 10 March Skopje daily NOVA MAKEDONIJA, S. Kramarska notes several upcoming party congresses in The Former Yugoslav Republic of Macedonia. According to Kramarska, on 20 April, the Social Democratic Alliance of Macedonia (SDSM), which is the largest party in the governing coalition, will celebrate the fourth anniversary of its first program-election conference and by that date, it should set a time for the convening of the second one. In contrast to the previous meeting which dealt with elections and the party platform, the next one should involve the party's modernization and changes in its program declaration and statute. The documents of the congress will be examined first by the Central Council, and then the local organs will be consulted. In addition, the doors will be open for new members of the party organs and leadership bodies. Kramarska writes that despite the appointment of the party's general secretary, Blagoj Handziski, as minister of defense, there is little mention of his replacement, and it is expected that the question will not be opened for discussion at the forthcoming congress. According to Kramarska, "The political public, furthermore, has left room for speculation that April will also be the month for settling the issue of the alleged factions in the ranks of the country's leading party, which, indeed, cannot find support in the official statements of the SDSM leaders."

Kramarska continues by noting that two other members of the governing coalition may also meet soon. For the Socialist Party, the latest date to convene a congress is 8 June, according to the party's statute. The topics likely to be discussed are: the report on the party's activities during the past four years, the recent elections, and the party's strategy for the future. The Liberal Party, which meets every two years, is also planning to hold a congress in June.

Meanwhile, Kramarska writes, the members of the VMRO-DPMNE (Internal Macedonian Revolutionary Organization-Democratic Party of Macedonian National Unity) are waiting impatiently for the party congress which is scheduled for 6-7 May in Kicevo. At a leadership meeting on 5 March, the location was chosen, and party activists in the Statutory Committee and in the

Commission for the Preparation of Program Documents for the Congress began preparations. According to Kramarska, there are few indications from the party's leading circles to suggest that the leadership trio Ljupco Georgievski-Dosta Dimovska-Boris Zmejkovski, which is still preoccupied with the unavoidable question of "why we lost the elections," will put forward any changes in the highest ranks of the party as they meet with the

party representatives. There is some public speculation according to Kramarska, however, that the position of General Secretary Zmejkovski might be vacated.

Another opposition party that boycotted the second round of the 1994 elections, the Democratic Party, held its congress in December last year and re-elected Petar Gosev as leader, reports Kramarska.

Federal**Hungarian Economist Delegation Visits Belgrade**

LD1304115595 Belgrade TANJUG in English 1055
GMT 13 Apr 95

[FBIS Transcribed Text] Belgrade, April 13 (TANJUG) - Chairman of the Yugoslav Chamber of Commerce, Mihajlo Milojevic, on Thursday received officials of Hungarian economic associations, headed by Deputy Hungarian Minister of Industry and Trade, Lajos Berenyi.

Milojevic informed his guests about the difficult situation in the Yugoslav economy because of the nearly three years of total international economic blockade, stressing that it was necessary to broaden cooperation between the two countries.

Berenyi said that over the past few years about 20,000 Yugoslav companies had been registered in Hungary, which he said was a good basis for broadening economic cooperation between the two countries. Berenyi said Hungary's foreign trade system had been considerably liberalized, leaving a lot of room for setting up mixed companies. He also said the volume of trade exchanged between the two countries would be increased once the U.N. sanctions against Yugoslavia were lifted.

Milojevic invited officials of the Hungarian Chamber of Commerce and Industry and the Chamber of Agriculture to visit Yugoslavia soon.

Serbia**Seselj Plans Rally To Break Blockade of Serbs**

AU1304132095 Belgrade NASA BORBA in
Serbo-Croatian 13 Apr 95 p 2

[Report by "M.M.": "Breaking' Blockade of Srpska republic"]

[FBIS Translated Text] Belgrade—The leaders of the Serbian Radical Party [SRS], led by party chairman Vojislav Seselj, will hold a rally tomorrow in Loznica under the name of "March on the Drina," after which they will symbolically break the blockade on the Drina River by crossing into the Srpska republic in an organized column.

The SRS plan is to start the rally at 1500 [1300 GMT] with speeches by the SRS leaders (Seselj, Gojkovic, Nikolic, Todorovic, Vucic, Dragisic), and then, at 1700, all the people gathered will head for the border between the FRY [Federal Republic of Yugoslavia] and the Srpska republic, which is about 3-km away from the center of Loznica.

On the bank of the Drina River, Seselj is expected to make a short speech, and then they will most likely cross the river.

As we have found out unofficially, the rally itself will have some elements of a spectacle hitherto unseen at similar gatherings.

Seselj: Milosevic Foreign Policy 'Total Fiasco'

LD1304203495 Belgrade SRNA in Serbo-Croatian 1739
GMT 13 Apr 95

[Item received by fax]

[FBIS Translated Text] Belgrade, 13 Apr (SRNA)—Vojislav Seselj, chairman of the Serbian Radical Party assessed the latest talks between the Serbian president and Contact Group representatives as "a total fiasco of Slobodan Milosevic's foreign policy."

At a news conference held in Belgrade today, Seselj said "the Contact Group has humiliated Milosevic by offering to suspend some trade sanctions in return for the recognition of Bosnia-Herzegovina within its communist borders."

"Slobodan Milosevic must have been astonished when he heard this miserable offer, because he did not get anything from the West despite all his promises," Seselj said.

According to him, "any normal person would resign after such a political defeat, but such a move cannot be expected from someone like Milosevic."

"What is now happening in former Bosnia-Herzegovina and Croatia is a renewed struggle of the Serb people against Muslim and Croat fascism," Seselj explained.

He reiterated that the announced meeting named "March on the Drina" will be held in Loznica tomorrow, because the Serbian radicals want to express their refusal to accept the Drina as the state border between the Srpska republic and the Federal Republic of Yugoslavia.

Kosovo**Witnesses Testify to Arkan, Seselj Force Buildup**

AU1304162695 Pristina KOSOVA DAILY REPORT in
English 12 Apr 95 No 593

[FBIS Transcribed Text] A trial against nine ethnic Albanians, former employees with Kosova (former) police force, resumed yesterday at the Serbian-run District Court of Peje. The Prishtina-based BUJKU reported today that Avdia Mehmedovic, who is among those held in detention in Prishtina, and—according to the Serbian police authorities—one of the "top officials" of the alleged Ministry of the Interior of the Republic of Kosova, was brought in yesterday's proceedings before the court as a witness. Mr. Mehmedovic firmly refuted allegations over the existence of the Ministry of Interior of the Republic of Kosova, saying that his colleagues had been simply involved in a trade-unions activity in a bid to protect the rights of former policemen. The trade unions of the former policemen was nothing but a

subsidiary branch of the Independent Trade Unions of Kosova, he said. Members of this trade unions branch were involved in reporting cases of ill treatment of their colleagues, and they neither dealt with weapons nor with any storage of it, he said. Former policemen also discussed now and then about the situation in Kosova and the possibilities for a conflict break-out here in the wake of the mounting build-up of paramilitary gangs of Zeljko Raznjatovic-Arkan and Vojislav Seselj.

Asked by the jury [as received] as to why they had been collecting money, Mr. Avdia Mehmedovic said members of the trade unions were jobless and the money was to serve in catering for and assisting those in need as well as in legal proceedings for restoration of their jobs. Mr. Mehmedovic also said that they were in possession of two fax machines, and their intention was to inform the domestic and international public opinion about the

repressive practices of the Serbian police against former policemen and people of Kosova. He also said that trade-union members of the former policemen were not involved in political parties and that they had no contacts with the Government of the Republic of Kosova (in exile).

Avdia Mehmedovic told the court that the trade unions of former policemen were also involved in other activities such as preventing drugs trafficking and distribution of narcotics among the young people in Kosova. Avdia Mehmedovic is among 71 former Kosova police personnel who are due to face Serbian regime's charges of "hostile activity" for having allegedly been involved in the establishment of the Republic of Kosova Ministry of the Interior. The charges have been brought by the Serbian Public Prosecutor's Office in Prishtina.

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